

Auditor-Controller

Katherine Martinis, Auditor-Controller

MISSION STATEMENT

To maintain the financial integrity of the County by providing county departments, special districts, and the citizens of Placer County with clear, accurate and responsive financial services and by providing an environment that promotes the safeguarding of county assets.

Appropriation	Budget 2003-04	Position Allocations	Recommended 2004-05	Position Allocations
Auditor-Controller	\$ 3,437,565	44	\$ 3,661,933	44
Debt Service	2,717,935	0	2,055,695	0
Total:	\$ 6,155,500	44	\$ 5,717,628	44

CORE FUNCTIONS

Auditor-Controller

To enhance the public's trust by acting as guardian of funds administered for the County, cities, schools and special districts, and provide an independent source of financial information and analysis.

Debt Service

To provide funding for repayment of long-term lease payment obligations, as well as the associated costs for the administering trustee bank and for required annual disclosure statements.

FY 2003-04 Major Accomplishments

- Worked with the Treasury, Assessor, Health and Human Services, Sheriff, County Executive, and Administrative Services to implement a new classification structure that tracks current and year-to-date costs in support of the Governing for Results Initiative.
- Developed financial reports to measure the Governing for Results Initiative.
- Earned the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for the Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2002.
- Prepared timely, and with in-house staff, the CAFR for the fiscal year ended June 30, 2003.
- Published the CAFR and Final Budget on the County's web page.
- Internal Audit Unit recovered \$102,000 in overpaid general liability costs.
- General governmental accounting training developed and presented to county departments.
- Developed and presented accounting process training (Performance Accounting) to other county departments on accounts payable, cost plan, contract management, journal preparation and project billing.

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FY 2004-05 Planned Accomplishments

- Continue to work with departments and the County Executive Office to develop the new classification structure to enhance cost tracking practices in support of the Governing for Results Initiative.
- Distribute financial reports countywide to departments in support of the Governing for Results Initiative.
- Earn the Certificate of Achievement for Excellence in Financial Reporting for the CAFR for the fiscal year ended June 30, 2003.
- Develop and refine new work processes to ensure effective operations following implementation of the Automated County Online Resource Network (ACORN) system.
- Internal Audits will reduce liabilities, protect resources and enhance revenues while working with departments to find operational efficiencies.
- Develop and publish a comprehensive financial accounting manual.
- Continue in-house and timely preparation and publication of the CAFR for the fiscal year ended June 30, 2004.

Department Comments

Once again, this office is proud to have been awarded the GFOA Certificate of Achievement for the second year in a row. While this is a major achievement, we will not be satisfied with the one accomplishment, but will continue to respond to our customers to provide quality service while transitioning to new systems and processes with fewer resources and staff.

This year, we expect to implement a new payroll system, providing state of the art payroll information and offering self-service capabilities to staff. The Internal Audits Unit will be fully operational, performing countywide reviews and assessments of the internal-control structure to identify and maximize county revenues and strengthen fiscal operations.

This year, we also expect to continue to develop and report the new classification structure for the Governing for Results Initiative to departments, while training departments on the many components of the County accounting systems in Performance Accounting and PeopleSoft.

County Executive Comments And Recommendations

The Auditor-Controller salaries and benefits have increased due to standard merit and benefit increases. The department has minimized the impact of these increases by under filling the senior administrative services officer position with a trainee and by reducing the budget in other areas. One account clerk position has been replaced by a managing accountant auditor for Internal Audits. This position is expected to generate revenue and produce savings for the County by reviewing and improving some of the accounting processes and internal controls.

The Auditor-Controller receives revenues for services, tax administration, and reimbursements from the Countywide Systems Fund for payroll-system maintenance. The State of California has indicated that payment to local governments for state mandate claims (SB-90) will be deferred (\$6,090), and while the County will invoice the state for these activities we do not expect to receive those funds in FY 2004-05. New revenue has been included for the collection of fees required by SB1049, the Statewide Fire Assessment Fee (\$35,000).

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AUDITOR-CONTROLLER FUND 100 / 10250

	Actual 2002-03	Budget 2003-04	Requested 2004-05	Recommended 2004-05	Change %	Adopted 2004-05
Expenditures						
Salaries and Employee Benefits	\$ 2,514,154	\$ 3,124,873	\$ 3,386,523	\$ 3,436,595	10%	\$ -
Services and Supplies	370,999	423,132	372,778	333,628	-21%	-
Intra Fund Charges	2,968	6,710	6,710	6,710	0%	-
Gross Budget:	<u>2,888,121</u>	<u>3,554,715</u>	<u>3,766,011</u>	<u>3,776,933</u>	6%	-
Intra Fund Credits	(113,547)	(117,150)	(119,550)	(115,000)	-2%	-
Net Budget:	<u>\$ 2,774,574</u>	<u>\$ 3,437,565</u>	<u>\$ 3,646,461</u>	<u>\$ 3,661,933</u>	7%	<u>\$ -</u>
Revenue						
Fines, Forfeits and Penalties	\$ 1,810	\$ 1,000	\$ -	\$ -	-100%	\$ -
Revenue from Use of Money and Property	1,118	1,000	500	500	-50%	-
Intergovernmental Revenue	48,071	3,000	45,000	35,000	1067%	-
Charges for Services	728,551	744,807	908,600	918,000	23%	-
Miscellaneous Revenue	86	-	-	-	0%	-
Other Financing Sources	36,566	59,325	40,000	80,000	35%	-
Total Revenue:	<u>816,202</u>	<u>809,132</u>	<u>994,100</u>	<u>1,033,500</u>	28%	<u>-</u>
Net County Cost:	<u>\$ 1,958,372</u>	<u>\$ 2,628,433</u>	<u>\$ 2,652,361</u>	<u>\$ 2,628,433</u>	0%	<u>\$ -</u>
Allocated Positions	44	44	44	44	0%	-

CORE FUNCTION: AUDITOR-CONTROLLER

Accounts Payable Program

Program Purpose: To pre-audit all claims for payments submitted by county departments and to process payments for special districts to ensure that county bills are paid on time and accurately.

Total Expenditures: \$828,522

Total Staffing: 15.0

- **Key Intended Outcome:** Accurate and timely payment of county obligations.

Accounts Payable Indicators:	Actual 2002-03	Projected 2003-04	Target 2004-05
# of vendor payments issued	65,000	69,700	74,000
\$ cost per vendor payment issued	\$10.38	\$11.46	\$11.12
#/% of vendor payments reissued due to error	50 / 0.0007%	52 / 0.0001%	0 / 0%
#/% of 1099 reissued due to error	0 / 0%	0 / 0%	0 / 0%

Program Comments: To disclose cost to produce payable warrants. Costs reflect process of vendoring, payable document processing, wire transfers, imaging, scanning, printing, stuffing, distribution and reconciliation.

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Financial Reporting Program

Program Purpose: To maintain accounting records for the County and those districts that keeps funds in the County treasury and to prepare various reports for the public, Board of Supervisors and county departments in order to provide assurance that the financial position is presented fairly and accurately.

Total Expenditures: \$1,054,483

Total Staffing: 7.5

- **Key Intended Outcome:** Fair and accurate presentation of financial information.

Financial Reporting Indicators:	Actual 2002-03	Projected 2003-04	Target 2004-05
# of audit findings	0	0	0
Clean audit opinion of the CAFR from the external audit team	Yes	Yes	Yes
Receipt of the GFOA Certificate of Achievement Award	Yes	Yes	Yes

Program Comments: To improve the quality and accessibility of the County's financial information for the public.

Internal Audits Program

Program Purpose: To conduct independent audits, reviews and analyses to assist county management to improve efficiency and effectiveness of programs and functions, to safeguard county assets, and to meet financial reporting requirements.

Total Expenditures: \$301,282

Total Staffing: 3.5

- **Key Intended Outcome:** Ensure compliance with policies and procedures and to minimize losses from fraud or misappropriation.

Internal Audits Indicators:	Actual 2002-03	Projected 2003-04	Target 2004-05
# of audits performed	2	5	7
# of internal control deficiencies identified	17	5	7
# of internal control deficiencies corrected	4	5	7
\$ cost savings/revenue enhancements identified	\$17,030	\$102,000	\$150,000

Program Comments: Maximize county revenues and strengthen fiscal operation to generate increases in resources with implementation of audit recommendations. Conduct operation, management and financial audits to help departments identify cost effective and/or efficient business strategies as well as the conservation of tax dollars.

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Payroll Services Program

Program Purpose: To provide timely and accurate preparation, distribution and reporting of payroll to county departments and special districts in order to ensure accurate paychecks and compliance with reporting requirements.

Total Expenditures: \$1,167,463

Total Staffing: 12.0

- **Key Intended Outcome:** Accurate paychecks and compliance with state and federal reporting requirements.

Payroll Services Indicators:	Actual 2002-03	Projected 2003-04	Target 2004-05
#/% of W2s reissued due to errors	0 / 0%	0 / 0%	0 / 0%
#/% of payroll check re-issued due to errors	0 / 0%	0 / 0%	0 / 0%
# of payroll checks issued	78,181	78,000	78,000
\$ cost per payroll check issued	\$8.20	\$12.48	\$14.87

Program Comments: To disclose costs to produce payroll warrants. Costs per warrant reflect the costs of implementing the new payroll system. Costs per warrant should decrease over time as the new system becomes fully operational.

Property Tax Services Program

Program Purpose: To calculate property-tax rate and process changes to the property-tax roll in order to accurately apportion and distribute property-tax revenue to the County, cities, schools and special districts.

Total Expenditures: \$414,261

Total Staffing: 6.0

- **Key Intended Outcome:** Property tax is distributed accurately and on time.

Property Tax Services Indicators:	Actual 2002-03	Projected 2003-04	Target 2004-05
# of entities receiving tax distribution	330	330	330
% distributed within statutorily mandated time frames	100%	100%	100%
% of taxes distributed without error	99%	100%	100%

Program Comments: Indicators reflect entities and distribution basis for taxes in accordance with Senate & Assembly bills, debt service accounting, taxing entities, and 1915 Act Bonds.

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DEBT SERVICE FUND 190 / APPROPRIATION 89360

	Actual 2002-03	Budget 2003-04	Requested 2004-05	Recommended 2004-05	Change %	Adopted 2004-05
Expenditures						
Services and Supplies	\$ 16,987	\$ 14,227	\$ 12,920	\$ 12,920	-9%	\$ -
Other Charges	2,009,968	2,698,708	2,035,000	2,035,000	-25%	-
Intra Fund Charges	-	5,000	7,775	7,775	56%	-
Gross Budget:	<u>2,026,955</u>	<u>2,717,935</u>	<u>2,055,695</u>	<u>2,055,695</u>	<u>-24%</u>	<u>-</u>
Intra Fund Credits	(866,361)	-	-	-	0%	-
Net Budget:	<u>\$ 1,160,594</u>	<u>\$ 2,717,935</u>	<u>\$ 2,055,695</u>	<u>\$ 2,055,695</u>	<u>-24%</u>	<u>\$ -</u>
Revenue						
Revenue from Use of Money and Property	\$ 142,980	\$ 121,112	\$ 126,582	\$ 126,582	5%	\$ -
Other Financing Sources	1,075,555	1,860,464	1,929,113	1,929,113	4%	-
Total Revenue:	<u>1,218,535</u>	<u>1,981,576</u>	<u>2,055,695</u>	<u>2,055,695</u>	<u>4%</u>	<u>-</u>
Net County Cost:	<u>\$ (57,941)</u>	<u>\$ 736,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-100%</u>	<u>\$ -</u>
Allocated Positions	-	-	-	-	0%	-

In 1994, Placer County borrowed \$4.58 million from the North Lake Tahoe Financing Authority through a lease-purchase agreement financed by certificates of participation, for the construction of a new jail kitchen and certain energy-conservation improvements. In February 1997, the County borrowed an additional \$15 million from the North Lake Tahoe Financing Authority to construct a new Administrative and Emergency Services Building. Both borrowings were for 27½ years, with October 1, 2021 the final repayment date for the jail kitchen and June 1, 2024 for the administrative building. In May 1998, the County borrowed \$13.2 million to construct the new Juvenile Detention Facility and refinanced the 1994 jail kitchen due to lower interest rates, with retirement of the 1994 issue. The Juvenile Hall portion of the new borrowing was for 27 years with the final payment due July 2025.

Placer County has no outstanding general-obligation bonded debt. Certificates of Participation (COPs) funded the debt issues referenced above, which were used to construct the three county facilities indicated. COPs are lease-purchase financings, which use a third party nonprofit or governmental entity (the North Lake Tahoe Financing Authority, in the subject financings) as the lessor. Unlike general obligation debt, property taxes are not increased to pay the principal and interest on COPs. Instead, the lease principal and interest are paid through use of the ongoing, regular revenues of the issuer and/or with special revenues, such as certain trust funds, that may be used for capital outlay. COPs are also different from revenue bonds. Revenue bonds typically finance utility-type facilities or infrastructure, such as a water-or sewage-treatment facility, and are typically repaid from pledged revenues from services, such as water or sewer fees. The County has issued revenue bonds for the Eastern Regional Landfill, the repayment of which is funded from various landfill and related revenues in that budget (02890). In addition, the County has issued certain conduit and special assessment debt, which is secured directly by the underlying land and improvements.